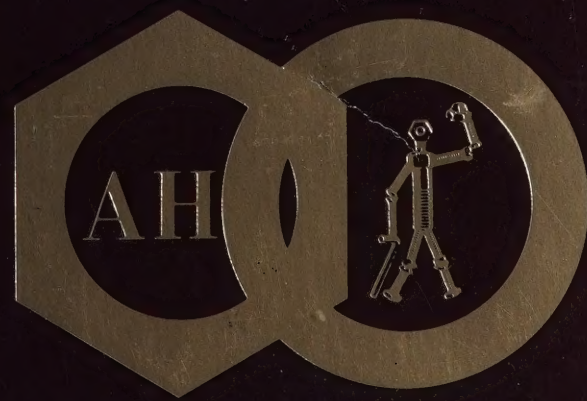
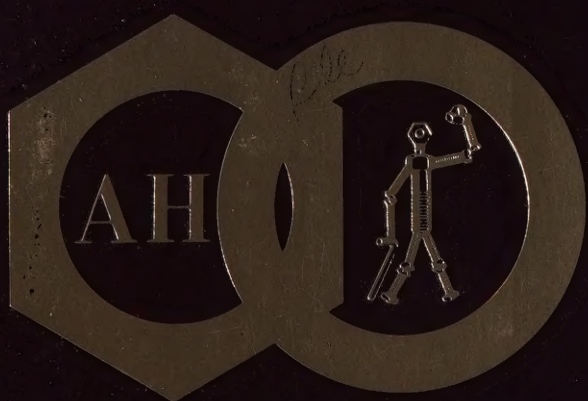


AR47

1980 ANNUAL REPORT

**AUTOMOTIVE
HARDWARE
LIMITED**



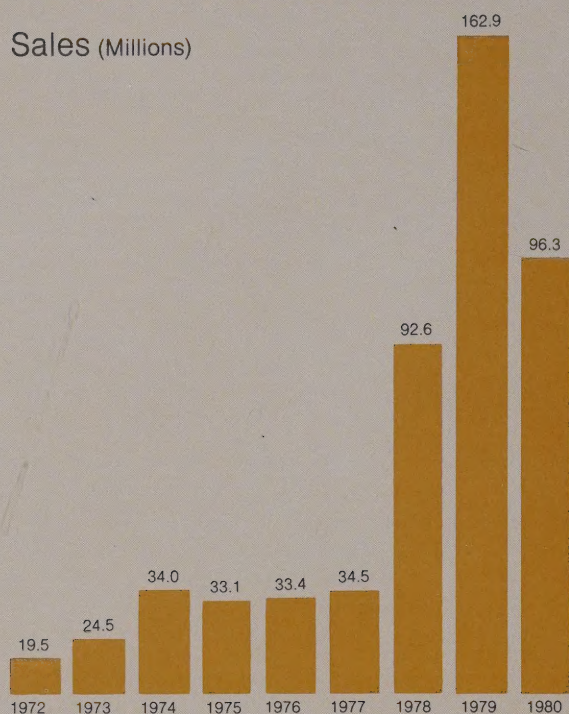
Financial Highlights

Year Ended December 31	1980	1979
Sales	\$96,287,667	\$162,918,532
Earnings (Loss) From Operations	(\$ 1,033,838)	\$ 6,199,725
Net Earnings (Loss)	(\$ 135,040)	\$ 7,250,723
Net Earnings (Loss) Per Share	(\$ 0.06)	\$ 3.18
Working Capital	\$26,935,861	\$ 33,932,632
Working Capital Ratio	2.00:1	2.16:1
Shareholders' Equity	\$41,360,604	\$ 42,834,133
Equity Per Share	\$ 18.02	\$ 18.82
Dividends Per Share*	60¢	54¢

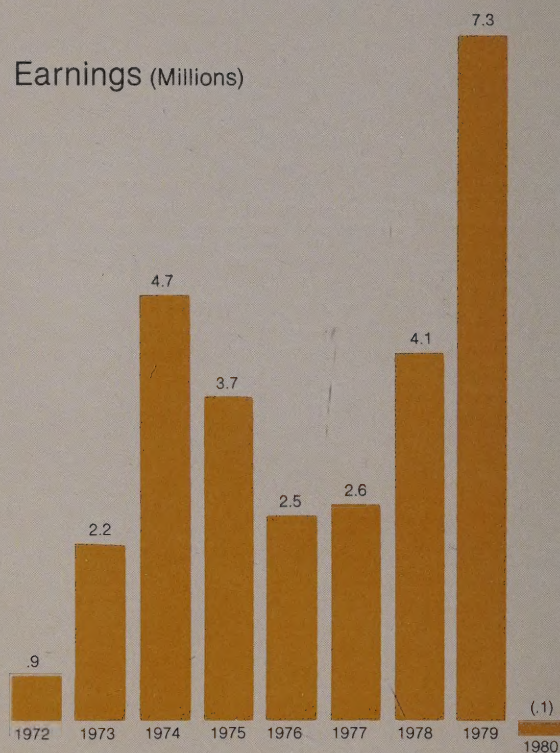
*Dividend of 12¢ declared February 5, 1979 which normally would have been declared as a quarterly dividend in December 1978 is reflected in 1978 for comparison purposes.

Graphic Analysis

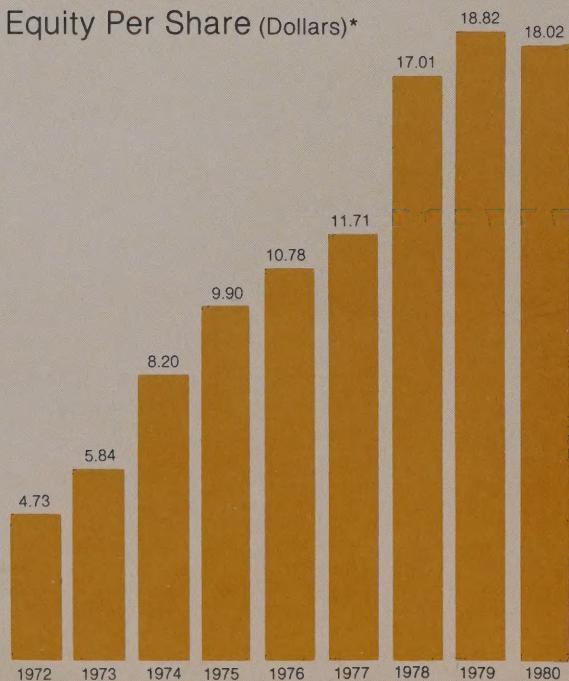
Sales (Millions)



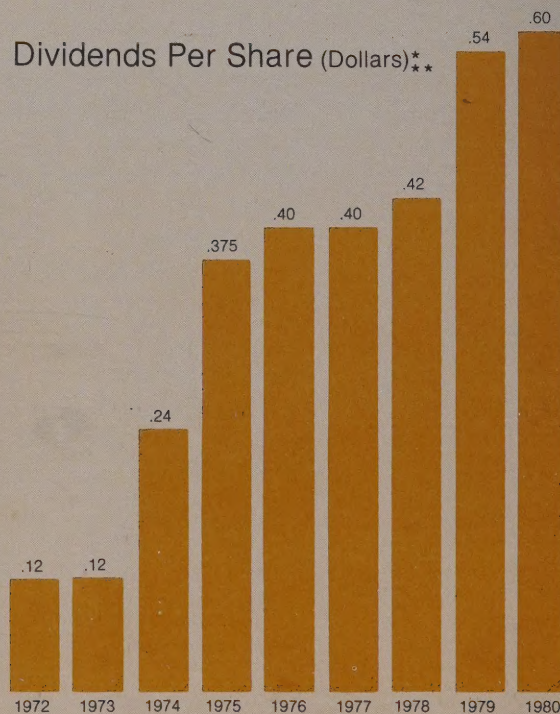
Earnings (Millions)



Equity Per Share (Dollars)*



Dividends Per Share (Dollars)**



*These items give effect to the 1979 subdivision of shares on the basis of two for one which became effective on the 15th day of January 1979.

**Dividend of 12¢ declared February 5, 1979 which normally would have been declared as a quarterly dividend in December, 1978 is reflected in 1978 for comparison purposes.

President's Message to Shareholders

Our Company has experienced several major developments since our last annual report.

The most recent and significant development is our entry into the vast fastener market south of the border. On April 8, 1981, we acquired for U.S. \$20 million in cash, majority control of Russell, Burdsall & Ward Corporation, one of the larger independent fastener companies in the United States, which corporation in turn used the proceeds to purchase the assets of the fastener division of The Lamson & Sessions Co., another large independent fastener company located in the United States. Their combined operations will generate annual sales in excess of U.S. \$150 million. Despite their recent earnings slump, which resulted from the severe automotive downturn and the continued penetration of imported fasteners, these companies have extremely attractive potential. Management has structured a definitive business strategy to improve the bottom line substantially over the next three years.

Turning our attention to our Canadian operations, I am pleased to report that sales and profits for the fastener and automotive aftermarket segments increased in 1980. A strong fourth quarter contributed significantly to these results, which were much better than expected. This momentum appears to have carried into 1981. In anticipation of strong product demand, the fastener and automotive aftermarket segments have established appropriate inventory levels to maintain customer service.

Certain developments at ArrowHead Metals Ltd., our brass fabricating division, significantly affected operations during the year. As a result of a strike, the operation was virtually shutdown from April 15 to November 8, 1980, a period just under seven full months. However, I am pleased to announce the signing of a three year collective agreement commencing November 9, 1980. Management also performed an extensive overall plant review which resulted in a decision to re-direct capital expenditures to the rolling mill, rod mill and casting shop and to discontinue the tube mill operation. In view of these decisions and economic prospects, ArrowHead is expected to generate a modest profit in 1981 followed by more reasonable profits thereafter.

The consolidated operating results were adversely affected by the strike and more than offset the gains made by the fastener and automotive aftermarket segments. On a consolidated basis, sales were \$96.3 million in 1980 as compared to \$162.9 million in the previous year, whereas the loss on operations amounted to \$1.0 million as compared to a profit of \$6.2 million for the previous year. After recognizing extraordinary income in 1980, the consolidated net loss amounts to \$135,000 as compared to a net profit of \$7.3 million.

On behalf of the Board of Directors, I extend our gratitude to our employees, customers, suppliers and shareholders for their loyal and continued support.



For the Board of Directors,

A handwritten signature in dark ink that reads "Irwin Goldhart". The signature is written in a cursive, flowing style.

Irwin Goldhart, *President*

May 4, 1981

Automotive Hardware Limited Federal Bolt & Nut Corporation Limited Automatic Screw Machine Products Limited



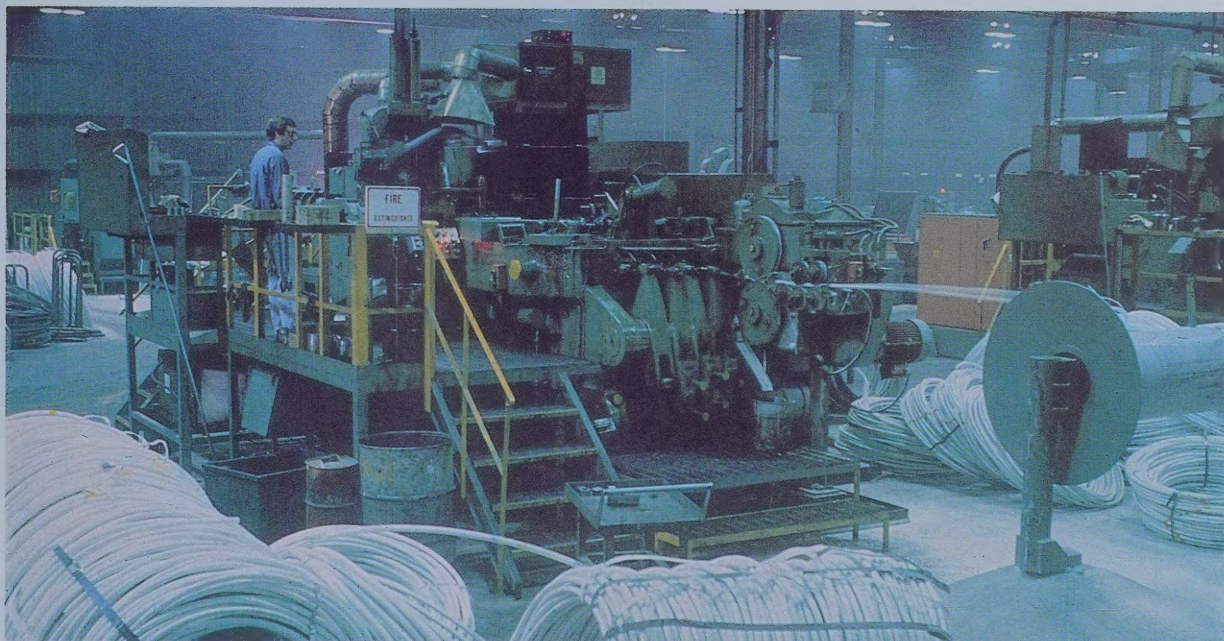
Bulk storage prior to packaging.

The fastener group reported increased sales and profits in 1980. Sales strengthened in the fourth quarter and continued to be strong in the first quarter of 1981.

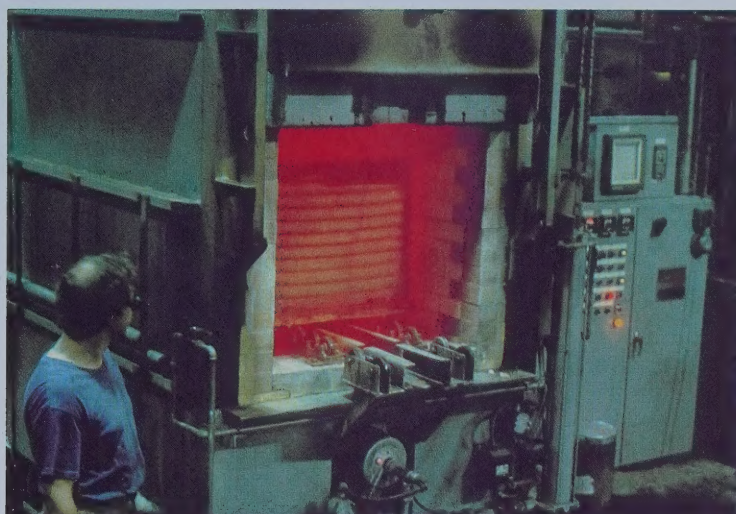
Following the general trend by most businesses, our customers have reduced their inventories in response to high interest rates and generally high costs to carry inventory. To improve customer service in an increasingly competitive market, and despite high carrying costs, the fastener group decided to increase finished goods inventory for a wide range of product. This policy is evident in the substantial investment in inventories during the year.

In the same vein, our warehouse expansion program continues. Additional space was rented at the Calgary location, Dartmouth was expanded and current plans call for a new larger Edmonton warehouse to open in early 1982.

Generally the lack of skilled operators continues to be a problem in the industry. However, as a result of utilizing every effort to staff the plant facility, including an in-house training program, our manufacturing segment has been operating at full throttle with a full complement of skilled operators and support staff. During the year, plant operations underwent a major realignment to improve productivity. In addition, a high speed hot nut former is on order, and when received will give the fastener group the largest hot nut forming operation in Canada.



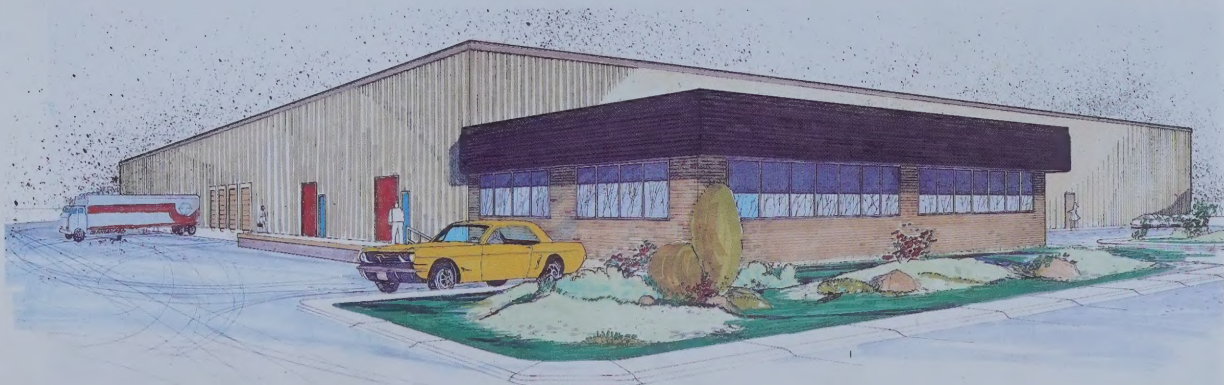
National M24 1" boltmaker.



Batch furnace in operation.



Long bolts ready for packaging.



Artist's conception of new Edmonton Warehouse Facility.

Docap Corporation Limited



Assorted automotive aftermarket products.

Docap Corporation Limited continues to be the fastest growing member of the Automotive Hardware group of companies, keeping pace with the ever changing automotive aftermarket in Canada.

Docap markets more than fifteen major product lines, including their own "Docap" line, and a total of more than 20,000 items including universal joints, automotive electrical parts, thermostats, hand cleaners, heater and air conditioning motors, tire repair tools and material, creepers and tire valve hardware, to name just a few.

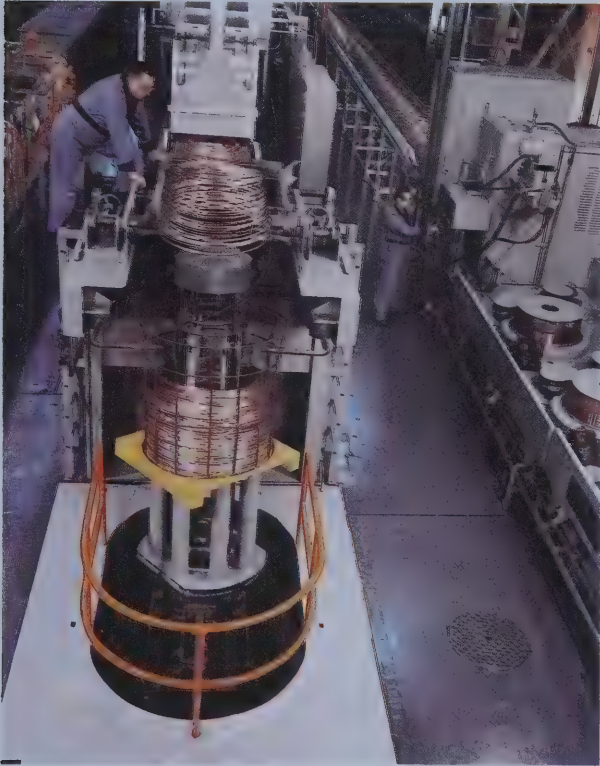
Our continuing search to expand existing product lines and to acquire new ones resulted in the addition of two major lines in 1980. The Kool Klutch line of oil and transmission coolers along with the Buss line of automotive type fuses are both exclusive with Docap in Canada. These two major lines will certainly contribute to the Company's overall sales growth.

Docap is in the enviable position of being able to offer a wide variety of every day automotive products from one source in 7 warehouse locations across Canada. Combining this with service unmatched in the industry, Docap continues its growth.



High speed packaging for automotive aftermarket parts.

ArrowHead Metals Ltd.



After final draw, wire is paid off in a loop pattern onto conveyor rolls by this Loopro annealing system which then passes the wire through a gas-fired controlled atmosphere annealing furnace. This equipment typically finishes soft redraw wire in 1000 lb. (453 kg.) coils in sizes ranging from .102" (2.59 mm) round to .218" (5.54 mm) round.

ArrowHead is a leading manufacturer in Canada of copper and copper alloy mill products. Our facilities in the west end of Toronto offer one of the broadest ranges of brass mill products available from a single source.

Recent capital improvements to our casting shop have allowed our integrated facilities to become self-sufficient. The rolling mill is capable of rolling material in foil thicknesses .0025 inches to heavy plate 2 inches thick. The rod mill produces wire and rod from .102 inches up to 4 inches in diameter in a wide variety of alloys.

Our marketing efforts regarding exports have led to a growth in sales with export sales now representing more than 20% of total output. Our strategic location has enabled us to generate a substantial portion of our export sales to the northeastern and northcentral regions of the United States. These efforts have reduced our dependence on a narrow customer base, thereby minimizing the effect on ArrowHead of the cyclical nature of the brass mill industry.

Further capital expenditures are planned in the near and intermediate term to improve the manufacturing process in our rolling mill and casting shop. We are confident that these improvements will help us adapt to changing market needs and specific customer requirements, and to resume profitable growth.

One of ten slitters handling coils up to 14,000 lbs., widths up to 48" and gauges as thin as .002".



Automotive Hardware Limited

and its wholly owned subsidiary corporations

Consolidated Balance Sheet

as at December 31

ASSETS

	1980	1979
CURRENT ASSETS		
Accounts Receivable	\$16,318,617	\$23,985,067
Inventories	30,781,691	30,755,268
Deferred Income Taxes re Inventory	6,276,586	7,950,011
Marketable Investments	1,125	104,283
Prepaid Expenses	415,754	370,698
	53,793,773	63,165,327
FIXED ASSETS (Note 2)	22,338,382	22,631,085
OTHER ASSETS (Note 3)	1,859,228	975,896
	\$77,991,383	\$86,772,308

The accompanying notes form an integral part of these financial statements.

LIABILITIES

	1980	1979
CURRENT LIABILITIES		
Bank Indebtedness (Note 4)	\$17,194,965	\$17,588,292
Accounts Payable and Accrued Liabilities	7,514,958	8,988,082
Income Taxes Payable	829,428	1,384,039
Dividends Payable	342,201	341,373
Sinking Fund Payment	5,000	5,000
Current Portion of Long-Term Debt	971,360	925,909
	26,857,912	29,232,695
LONG-TERM DEBT (Note 5)	7,837,362	8,849,537
DEFERRED INCOME TAXES	1,935,505	5,855,943
	36,630,779	43,938,175
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 6)	4,441,561	4,411,960
CONSOLIDATED RETAINED EARNINGS	33,700,684	35,203,814
CONTRIBUTED SURPLUS	3,218,359	3,218,359
	41,360,604	42,834,133
	\$77,991,383	\$86,772,308

Approved on Behalf of the Board of Directors:

IRWIN GOLDHART, Director

GOLDIE POTASHIN, Director

Automotive Hardware Limited

and its wholly owned subsidiary corporations

Consolidated Statement of Earnings

for the years ended December 31

	1980	1979
SALES.....	\$96,287,667	\$162,918,532
Cost of Goods Sold and Operating Expenses		
Exclusive of Items Shown Below.....	94,227,937	149,117,867
	2,059,730	13,740,665
Depreciation and Amortization	1,903,594	2,408,445
Interest on Long-Term Debt.....	1,268,980	1,371,363
	3,172,574	3,779,808
Income (Loss) Before Income Taxes	(1,112,844)	9,960,857
Income Taxes (Recovered).....	(79,006)	3,761,132
Earnings (Loss) From Operations	(1,033,838)	6,199,725
Realization of Deferred Income Taxes.....	—	1,033,345
Extraordinary Income (Note 7).....	898,798	17,653
	898,798	1,050,998
NET EARNINGS (LOSS)	(\$ 135,040)	\$ 7,250,723

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Retained Earnings

for the years ended December 31

	1980	1979
BALANCE, JANUARY 1.....	\$35,203,814	\$29,418,324
Net Earnings (Loss)	(\$ 135,040)	7,250,723
	35,068,774	36,669,047
Dividends	1,368,090	1,465,233
BALANCE, DECEMBER 31.....	\$33,700,684	\$35,203,814

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Financial Position

for the years ended December 31

	1980	1979
SOURCES OF FUNDS		
Net Earnings (Loss)	(\$ 135,040)	\$ 7,250,723
Depreciation and Amortization	1,903,594	2,408,445
Deferred Income Taxes	(3,920,438)	2,832,781
Other	(58,066)	(55,424)
	(2,209,950)	12,436,525
<hr/>		
Proceeds on Disposal of Fixed Assets	88,568	112,062
Issuance of Shares	29,601	1,134,907
	(2,091,781)	13,683,494
<hr/>		
USES OF FUNDS		
Purchases of Fixed Assets	2,524,725	2,156,133
Reduction in Long-Term Debt	1,012,175	2,012,288
Dividends	1,368,090	1,465,233
	4,904,990	5,633,654
<hr/>		
INCREASE (DECREASE) IN WORKING CAPITAL	(6,996,771)	8,049,840
<hr/>		
WORKING CAPITAL, JANUARY 1	33,932,632	25,882,792
<hr/>		
WORKING CAPITAL, DECEMBER 31	\$26,935,861	\$33,932,632

The accompanying notes form an integral part of these financial statements.

Automotive Hardware Limited

and its wholly owned subsidiary corporations.

Notes to the Consolidated Financial Statements

December 31, 1980

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The accompanying financial statements combine the accounts of Automotive Hardware Limited and its wholly owned subsidiary corporations. All material inter-company transactions and balances have been eliminated for purposes of the consolidation.

(b) Inventories

All inventories are valued at the lower of cost or replacement cost. All corporations except ArrowHead Metals Ltd. determine cost on a "first-in, first-out" basis. ArrowHead Metals Ltd. values its major metals inventory on a "last-in, first-out" basis.

ArrowHead Metals Ltd. inventory on December 31:

	1980	1979
"First-in, First-out" Basis	\$18,121,724	\$26,299,639
"Last-in, First-out" Basis	<u>4,784,359</u>	<u>9,159,036</u>
Difference	<u>\$13,337,365</u>	<u>\$17,140,603</u>

(c) Depreciation

The corporations charge depreciation in their accounts at various rates. All rates have been determined so as to amortize the cost of assets over their estimated useful lives. Expenditures for maintenance and repairs are charged to income as incurred and expenditures for major renewals and betterments are capitalized.

(d) Income Taxes

(i) The corporations provide for income taxes on the tax allocation basis. The cumulative differences between tax calculated on such basis and that calculated under current Income Tax laws are timing differences and are reflected as Deferred Income Taxes.

(ii) On December 31, 1980, ArrowHead Metals Ltd. had undepreciated capital costs available for income tax purposes in excess of its depreciated book values in an amount of \$1,747,639. The potential future income tax benefits arising from the availability of these amounts has not been recorded in the accounts.

2. FIXED ASSETS

Details of fixed assets are as follows:

	1980	1979
Cost — Land	\$ 1,392,309	\$ 1,392,309
— Buildings	13,992,419	13,722,511
— Machinery and Equipment	45,161,115	49,142,289
— Motor Vehicles	714,581	587,279
— Leasehold Improvements	278,193	262,571
— Dies and Small Tools	<u>180,000</u>	<u>180,000</u>
	61,718,617	65,286,959
Accumulated Depreciation	<u>39,380,235</u>	<u>42,655,874</u>
	<u>\$22,338,382</u>	<u>\$22,631,085</u>

Notes (continued)

3. OTHER ASSETS

Details of other assets are as follows:

	1980	1979
Planet Steel Acquisition at Cost	\$ 974,927	\$ 974,927
ArrowHead Metals Ltd. Tube Mill		
Production Equipment, Net Book Value	883,435	—
Unamortized Debenture Discount	866	969
	<u>\$1,859,228</u>	<u>\$ 975,896</u>

4. BANK INDEBTEDNESS (CURRENT AND LONG-TERM)

(a) ArrowHead Metals Ltd. — \$17,277,535.

Bank indebtedness (current) consisting of banker's acceptances and revolving loans and long-term debt (including current portion) are secured by:

- (i) Security under Section 178 of the Bank Act;
- (ii) Registered general assignment of the accounts receivable;
- (iii) Fixed and floating debenture on the corporation's assets;
- (iv) Guarantee of Automotive Hardware Limited to a maximum of \$2,000,000.

(b) All Other Corporations — \$8,058,606.

These amounts are secured by a registered general assignment of accounts receivable as well as the collateral guarantees of all the corporations except ArrowHead Metals Ltd.

5. LONG TERM DEBT (SECURED)

	Year of Final Payment	Balance as at December 31, 1980	1979
Equipment Contracts Payable		\$ 115,463	\$ 201,948
Realty Mortgage — 10%	1981	85,500	95,500
Realty Mortgage — 10%	1980	—	54,885
Realty Mortgage — 6-7/8%	1986	425,583	494,760
Series A Debenture — 6%	1989	41,000	51,000
Bank Debenture (re ArrowHead) —			
7/8 of 1% Over Prime	1988	8,141,176	8,882,353
		8,808,722	9,780,446
Less — Amounts Due Within One Year		971,360	930,909
		<u>\$7,837,362</u>	<u>\$8,849,537</u>

(a) .6% Debenture Series A

This debenture, issued July 2, 1969, is secured by a floating charge on the assets of the corporation and its designated wholly owned subsidiary corporations. Interest is paid semi-annually.

Sinking fund payments of \$5,000 per year are made to the trustee to retire the debenture on its due date in 1989.

Notes (continued)

6. CAPITAL STOCK

- (a) On January 15, 1979, the corporation obtained amended Articles of Incorporation to give effect to the following:
- (i) Subdividing its issued shares on a 2 for 1 basis;
 - (ii) Creating a new Class C Redeemable share for use in the payment of stock dividend on Class B shares.

(b) Authorized

	As at December 31,	
	1980	1979
Class A, Voting, Convertible Shares, Without Par Value	\$ 7,000,000	\$ 7,000,000
Class B, Voting, Convertible Shares, Without Par Value	\$ 7,000,000	\$ 7,000,000
Class C, Non-Voting, Redeemable Shares, Par Value 1¢	\$600,171,410	\$695,706,110
Common Shares, Without Par Value	\$ 520,000	\$ 520,000

(c) Outstanding and Fully Paid

	1980		1979	
	Number	Amount	Number	Amount
January 1 Class A	691,765		537,250	
Class B	1,584,055		1,573,700	
	2,275,820	\$4,411,960	2,110,950	\$3,277,053
Debt Conversion	—	—	142,380	1,017,000
Employee Stock Options	5,520	29,601	22,490	117,907
	2,281,340	\$4,411,561	2,275,820	\$4,411,960
December 31 Class A	683,665		691,765	
Class B	1,597,675		1,584,055	
	2,281,340		2,275,820	
Class C Shares —				
Issued as Stock Dividends	95,534,700	\$ 955,347	104,293,890	\$1,042,939
Redeemed for Cash	95,534,700	955,347	104,293,890	1,042,939
Outstanding December 31	—	\$ —	—	\$ —

(d) Employee Stock Option Plan — Class A Shares

	Number of Shares	
	Under Option	Available for Option
January 1, 1980	26,200	30,040
Options Granted	—	—
Options Terminated	(6,680)	—
Consideration of \$29,601	(5,520)	(5,520)
December 31, 1980	14,000	24,520

Options are outstanding to 20 employees at 90% of the market value at the time of granting.

7. EXTRAORDINARY INCOME (NET OF INCOME TAXES)

Gain on Disposal of Equipment	\$ 32,767
Foreign Exchange Loss on Repayment of Equipment Contracts	(9,404)
Gain on Disposal of Tube Mill Inventory (on "Last-in, First-out" basis)	
Less Costs of Mill Closure	875,435
	<u>\$898,798</u>

Notes (continued)

8. COMMITMENTS

(a) Leases

The corporation and its subsidiary corporations have entered into major realty leases terminating at various times up to 1986. Total commitments under such leases were — 1980 \$1,149,397 (1979 \$1,146,532) plus realty taxes as applicable.

(b) Pension Plans

The following amounts were expensed in 1980:

Current Service	<u>\$ 879,749</u>
Past Service Funding	<u>\$1,094,049</u>

Past service funding under the various plans is currently estimated by independent actuaries to be \$10,044,152, payable at varying amounts up to 1995.

(c) Letters of credit outstanding — \$2,037,940.

(d) Contracts for future equipment purchases totalled approximately \$4,125,000.

(e) Forward foreign exchange contracts totalled \$54,370 in U.S. funds.

9. CONTINGENT MATTERS

(a) Legal Action

A lawsuit has been commenced against a customer for costs incurred pursuant to a contract. The amount claimed is \$298,400, of which \$88,400 has been recorded as expenses. Counsel for the corporation is of the opinion that the claim is valid, and that the corporation's claim will be substantially realized, notwithstanding a counterclaim of \$224,500.

(b) Tax Assessment

An assessment in the amount of \$80,000 by Revenue Canada, Customs and Excise Division, against a subsidiary corporation is under appeal, and has not been reflected in the attached financial statements.

10. RELATED PARTY TRANSACTIONS

Pursuant to lease commitments, Irwin Goldhart Investments Limited, of which corporation Mr. Irwin Goldhart is the sole shareholder and president, received rentals totalling \$205,656 from Automotive Hardware Limited, for warehouses in Vancouver, Winnipeg, Montreal and Dartmouth. Mr. Goldhart is the president of Automotive Hardware Limited.

11. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

	1980	1979
Total Direct Remuneration	<u>\$774,220</u>	<u>\$756,756</u>
Company Contribution to Pension Plans	<u>\$ 6,203</u>	<u>\$ 6,650</u>
Number of Directors and Senior Officers	<u>13</u>	<u>13</u>

12. SEGMENTED INFORMATION

While the corporations' operations in the metals industry cover the production and distribution of fasteners as well as brass fabricating and supply of the automobile aftermarket, the degree of integration both horizontal and vertical is such that there can be no meaningful segregation of sales or earnings.

Export sales in 1980 were \$14,306,000 (U.S.).

Notes (continued)

13. EVENTS SUBSEQUENT TO THE YEAR END

(a) Discharge of Equipment Contracts Payable

On January 16, 1981, all outstanding equipment contracts payable were discharged.

(b) Redemption of 6% Series A Debentures

On April 6, 1981, the corporation deposited sufficient funds with the trustee to redeem the then outstanding debentures in accordance with the terms of the trust indenture.

(c) Investment in Russell, Burdsall & Ward Corporation.

On April 8, 1981, the corporation, through its subsidiary corporations Federal Bolt & Nut Corporation Limited and Docap Corporation Limited, acquired 200,000 shares of 5% Cumulative, Convertible, Preferred stock of Russell, Burdsall & Ward Corporation of Mentor, Ohio, U.S.A., at a cost of \$20,000,000 (U.S.). Such shares constitute voting control of Russell, Burdsall & Ward Corporation.

The funds used by the subsidiary corporations were obtained by way of joint and several, bank, term financing secured by the acquired shares, and the guarantee of Automotive Hardware Limited to a maximum of \$2,000,000.

14. EARNINGS PER SHARE

	1980	1979
Shares Outstanding	2,281,340	2,275,820
Shares Reserved for Employee Stock		
Options Granted and Outstanding	<u>14,000</u>	<u>26,200</u>
	<u>2,295,340</u>	<u>2,302,020</u>
Earnings (Loss) per Share — Based on Shares Outstanding:		
From — Operations	\$ (.45)	\$ 2.72
— Sources Other Than Operations	<u>.39</u>	<u>.46</u>
	<u>\$ (.06)</u>	<u>\$ 3.18</u>
Diluted Earnings (Loss) per Share Based on Shares Outstanding and Reserved:		
From — Operations	\$ (.45)	\$ 2.70
— Sources Other Than Operations	<u>.39</u>	<u>.46</u>
	<u>\$ (.06)</u>	<u>\$ 3.16</u>

Auditors' Report

To the Shareholders of
Automotive Hardware Limited:

We have examined the consolidated balance sheet of Automotive Hardware Limited and its wholly owned subsidiary companies as at December 31, 1980, and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1980, and the results of their operations and the changes in their financial position for the year then ended, all in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
April 10, 1981

MILLER, STONE, SAPERIA AND ISAACS
Chartered Accountants

Automotive Hardware Limited

and its wholly owned subsidiary corporations

Five Year Financial Summary

(thousands except where indicated)

	1980	1979	1978	1977	1976
Sales	\$96,288	\$162,919	\$92,640	\$35,543	\$33,370
Earnings (Loss) Before Taxes	(\$ 1,113)	\$ 11,012	\$ 6,037	\$ 3,768	\$ 4,536
Net Earnings (Loss)	(\$ 135)	\$ 7,251	\$ 4,105	\$ 2,610	\$ 2,543
Net Profit Margin	0%	4.5%	4.4%	7.6%	7.6%
Total Assets	\$77,991	\$ 86,772	\$75,775	\$33,020	\$28,730
Long Term Debt	\$ 7,837	\$ 8,850	\$10,862	\$ 3,621	\$ 3,865
Shareholders' Equity	\$41,361	\$42,834	\$35,914	\$22,068	\$20,104
Working Capital	\$26,936	\$ 33,933	\$25,883	\$16,700	\$17,036
Earnings (Loss) Per Share*	(\$ 0.06)	\$ 3.18	\$ 1.95	\$ 1.385	\$ 1.365
Equity Per Share*	\$ 18.02	\$ 18.82	\$ 17.01	\$11.725	\$10.775
Dividends Per Share	60¢	54¢	42¢**	40¢	40¢

*These items give effect to the 1979 subdivision of shares on the basis of two for one which became effective on the 15th day of January 1979.

**This includes 12¢ declared February 5, 1979 which normally would have been declared as a quarterly dividend in December, 1978.

Bankers:

Canadian Imperial Bank of Commerce

Auditors:

Miller, Stone, Sapere and Peasars
Chartered Accountants

Shares Listed:

Toronto Stock Exchange

Notes (continued)

Automotive Hardware Limited

and its wholly owned subsidiary corporations

Five Year Financial Summary

13. EVENTS SUBSEQUENT TO THE YEAR END

(Thousands except where indicated)

(a) Discharge of Equipment Contracts Payable

On January 16, 1981, all outstanding equipment contracts payable were discharged.

(b) Redemption of 6% Series A Debentures

On April 6, 1981, the corporation deposited sufficient funds with the trustee to redeem the then outstanding debentures in accordance with the terms of the trust indenture.

1976	1977	1978	1979	1980	
\$33,370	\$35,543	\$35,640	\$165,919	\$208,288	Sales
\$ 4,236	\$ 3,768	\$ 6,037	\$ 11,012	\$ (1,113)	Earnings (Loss) Before Taxes
\$ 2,543	\$ 2,610	\$ 4,105	\$ 7,251	\$ (2,132)	Net Earnings (Loss)
7.6%	7.6%	4.4%	4.2%	0%	Net Profit Margin
\$28,730	\$33,020	\$25,775	\$ 86,775	\$27,991	Total Assets
\$ 3,865	\$ 3,651	\$10,865	\$ 8,850	\$ 7,837	Long Term Debt
\$20,104	\$25,068	\$35,914	\$45,834	\$41,361	Shareholders' Equity
\$17,036	\$16,700	\$25,883	\$ 33,933	\$26,936	Working Capital
					Earnings (Loss) Per Share*
\$ 1.365	\$ 1.385	\$ 1.95	\$ 3.18	\$ (0.06)	Equity Per Share*
\$10.775	\$11.725	\$17.01	\$18.85	\$ 18.05	Dividends Per Share

1979	1980
2,275,820	2,251,340
28,200	14,000
2,302,020	2,295,340
2.72	(.45)
.46	.39
\$1.3	\$(.06)
0.72	(.45)
.46	.39
\$1.3	\$(.06)

*These items give effect to the 1979 subdivision of shares on the basis of two for one which became effective on the 15th day of January 1979.

**This includes 125 declared February 5, 1979 which normally would have been declared as a quarterly dividend in December, 1978.

Auditors' Report

To the Shareholders of
Automotive Hardware Limited

We have examined the consolidated balance sheet of Automotive Hardware Limited and its wholly owned subsidiary companies as at December 31, 1980, and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly we express such tests of the accounting records and other procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements fairly present the financial position of the companies as at December 31, 1980, and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
April 10, 1981

MILLER, STONE, SAPERIA AND ISAACS
Chartered Accountants

Automotive Hardware Limited

Head Office:

55 Brown's Line,
Toronto, Ontario

Subsidiaries:

ArrowHead Metals Ltd.
Automatic Screw Machine Products Limited
Docap Corporation Limited
Federal Bolt & Nut Corporation Limited

Branch Warehouses:

Vancouver, British Columbia
Edmonton, Alberta
Calgary, Alberta
Winnipeg, Manitoba
Toronto, Ontario
Montreal, Quebec
Dartmouth, Nova Scotia

Manufacturing Plants:

ArrowHead Metals Ltd.
260-8th Street,
Toronto, Ontario

Automatic Screw Machine Products Limited
55 Brown's Line,
Toronto, Ontario

Docap Corporation Limited
21 Fasken Drive,
Rexdale, Ontario

Federal Bolt & Nut Corporation Limited
55 Brown's Line,
Toronto, Ontario

Directors:

Irwin Goldhart,
President,
Automotive Hardware Limited

Frances A. Reid,
Vice-President,
Automotive Hardware Limited

Goldie Potashin,
Secretary-Treasurer,
Automotive Hardware Limited

Sidney Goldhart,
Vice-President,
Docap Corporation Limited

Ross M. Hanbury,
Consultant

Harry L. Mendelson, Q.C.,
Barrister and Solicitor

Officers:

Irwin Goldhart, President
Frances A. Reid, Vice-President
Goldie Potashin, Secretary-Treasurer
L.E. Gazley, Vice-President, Marketing
Henry Lubaszka, C.A., Vice-President, Finance
Manuel Harris, C.A., Comptroller

Registrar, Transfer Agent and Trustee:

National Trust Company Limited
Montreal, Toronto, Winnipeg, Calgary and Vancouver

Bankers:

Canadian Imperial Bank of Commerce

Auditors:

Miller, Stone, Saperia and Isaacs
Chartered Accountants

Shares Listed:

Toronto Stock Exchange

